



**ARIZONA STATE SENATE**  
*Fifty-Second Legislature, Second Regular Session*

FACT SHEET FOR H.B. 2599

AHCCCS; provider participation; exclusions

Purpose

Provides grounds for excluding an individual or entity from participation in the Arizona Health Care Cost Containment System (AHCCCS).

Background

Current federal law requires the United States Department of Health and Human Services Office of the Inspector General to exclude an individual or entity from participation in federally funded health care programs if that individual or entity has been convicted of certain types of criminal offenses, including Medicare or Medicaid fraud, patient abuse or neglect, and felony convictions relating to the unlawful manufacture, distribution, prescription or dispensing of controlled substances (42 Code of Federal Regulations Section 1001.101).

Under the permissive exclusion authority granted under federal law, a state Medicaid plan is allowed to exclude problem service providers on a discretionary basis, provided that it has administrative procedures in place enabling it to exclude an individual or entity for a permissible reason (42 Code of Federal Regulations Section 1002.210).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Requires AHCCCS to exclude any individual or entity from participation in the system if that individual or entity meets any basis for mandatory exclusion under federal law.
2. Allows AHCCCS, in its sole discretion, to exclude from participation in the system any individual or entity that has done any of the following:
  - a) met any basis for permissive exclusion under federal law;
  - b) committed any act prohibited under the state public health and safety statutes;
  - c) been found liable for neglect of a patient that results in death or injury;
  - d) engaged in the unlawful disposal of medical waste in violation of federal, state or local law;
  - e) submitted a claim for a procedure performed in association with an abortion in violation of federal or state law;

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- f) failed to segregate taxpayer dollars from abortions, including the use of taxpayer dollars for any overhead expenses attributable to abortions; or
  - g) failed to comply with federal or state law requiring mandatory reporting of sexual abuse, sexual assault, child or sex trafficking or statutory rape.
- 3. Specifies that the delineation of grounds for exclusion does not exclude any other basis for exclusion pursuant to state law or any rule adopted by AHCCCS.
- 4. Requires the Director of AHCCCS to adopt rules prescribing procedures for:
  - a) determining the length of exclusion;
  - b) appealing the exclusion determination; and
  - c) requesting reinstatement following an exclusion.
- 5. Defines *exclude* as meaning that items and services furnished, ordered or prescribed by a specified individual or entity will not be reimbursed by AHCCCS, a contractor or any agent of AHCCCS or a contractor. This would include the termination of a provider agreement or AHCCCS's refusal to enter into a provider agreement.
- 6. Labels this legislation as the "Taxpayer Protection and Medicaid Integrity Act."
- 7. Contains a severability clause.
- 8. Becomes effective on the general effective date.

### House Action

APPROP	2/24/16	DPA	9-5-0
3 <sup>rd</sup> Read	3/2/16		35-24-1

Prepared by Senate Research

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